Minutes
Initiation Work Group, HSCRC
Monday, June 6, 2005
8:30 -10am
Room 100, 4160 Patterson Avenue
Baltimore, MD 21215

IWG Members Present: Dr. Trudy Hall, Chair and HSCRC Commissioner; Dr. Kathryn Montgomery, University of Maryland School of Nursing; Ms. Barbara Epke, Lifebridge Health and Sinai Hospital; Dr. Donald Steinwachs, Johns Hopkins Bloomberg School of Public Health; Dr. Charles Reuland, Johns Hopkins Medicine; Mr. Joseph Smith, MedStar-Union Memorial Hospital; Dr. Jon Shematek, CareFirst Blue Cross Blue Shield; Ms. Pam Barclay, MHCC; Dr. Irene Fraser, AHRQ, Ms. Barbara Hirsch, Kaiser Foundation of the Mid-Atlantic States, Dr. Maulik Joshi, Delmarva Foundation; HSCRC Executive Director and Staff: Robert Murray, Steve Ports and Marva West Tan

Interested Parties Present: Larry Grosser, HSCRC Commissioner; Don Hillier, Past Chairman, HSCRC; Antoine El Koury for Dr. Fadia Shaya, University of Maryland School of Pharmacy; Katherine Hax, Kaiser Permanente; Ing-Jye Cheng, MHA; Stephanie Oliver, DHMH

1. Welcome and Introductions- Dr. Hall welcomed the Work Group to the very important work of the Quality Initiative, which hopefully will be a model program for other States. Dr. Hall noted that she, as a physician, aims to provide quality care but has wondered how to measure that care provided met the expectations of practitioners and Maryland residents for quality. She stated that the HSCRC, because of its unique hospital rate-setting position, presented possibilities to help move quality improvement to a new level. She noted that the initiative will take time to implement and counseled patience from the Work Group. Dr. Hall noted that this first meeting of the Work Group was designed for the members to get to know each other, learn about each other's background and experience and strengths and weaknesses. She asked the members to introduce themselves and state their affiliation, position, experience and perspective on where the quality initiative should be in a few years. A summary of comments regarding members' perspectives includes:
    - Dr. Montgomery noted her prior work with measures, methods and quality data and experience with NQF and AHRQ. She noted interest in quality from both the patient experience and population of patients. She would like to create an environment to learn and move the quality effort forward, modeling on other industries that have created a culture of quality. She noted some tension between reporting/non-reporting and disclosing/non-disclosing.
    - Dr. Shematek described his experience directing all aspects of physician and physician group-related quality improvement, pay-for-performance, HEDIS, NCQA and accreditation. Dr. Shematek stated that recently he was involved in a pilot of the Bridges to Excellence program in 30

MD/DC physician offices. Dr. Shematek thought that quality improvement programs have gone as far as they can go based on health promotion and reminder systems and now do need a fair, transparent process for rewarding quality – both attaining and improving quality, He felt that developing/selecting appropriate measures and risk adjustment will pose challenges.

- Ms. Hirsch noted that her work in risk management and early resolution revealed the importance of good communication, compassion and honest disclosure. She deferred stating her perspective on the quality initiative but did note a tension between the current emphasis on systems and the fact that there may still be a need for individual practitioner improvement.
- Dr. Reuland described his background is in health administration and health policy in a variety of settings. While agreeing that there may be individual factors, he noted that his perspective is a systems one. He agrees that risk adjustment is a challenge and noted that CPOE implementation, supported by LeapFrog and others, while presenting opportunities for improved quality and safety, is quite complex and a partial solution.
- Dr. Steinwachs noted his work with patterns of care, outcomes and patient-reported outcomes linked to measures of process. He noted his work with the National Center for Vital Health Statistics and metrics in that arena. He stated that we do not have the answers yet but that the electronic medical record will be more of a dominant force within the next 10 years. Dr. Steinwachs feels that an issue over time will be how to expand the quality initiative to include all patients in both hospitals and ambulatory care.
- Ms. Epke noted her experience with measurement and report cards in PA and MD, and the MHCC Performance Guide Task Force. She noted the growth of purchaser and payer pay-for-performance programs nationally. Ms. Epke feels that HSCRC is well situated to lead the charge with a quality initiative with appropriate measures and methods. She noted the difficulties with creating a composite measure. She expressed hope that the quality initiative would include quality as well as safety and would complement activities of the MHCC and the Maryland Patient Safety Center.
- Dr. Joshi noted his work with the Delmarva Foundation as the QIO for Maryland, a partner in the Maryland Patient Safety Center and in a variety of other quality activities. He noted that Delmarva is a subcontractor for American Healthways which is participating in a total at risk CMS pay for performance chronic care management demonstration project. Dr. Joshi noted his 1999 experience with a Robert Wood Johnson project –then called quality contracting. His perspectives for the quality initiative focus on two main issues: correct alignment of rewards and quality, and experimentation.
- Ms. Barclay noted the many quality activities of the MHCC, including public reporting of performance data, the Web-based Hospital

Performance Guide, nursing home guide and forthcoming ambulatory surgery guide. She noted the MHCC support for the Maryland Patient Safety Center and lauded their collaborative approach. She noted that MHCC also reviews large capital projects that may require rate relief. Recent requests have included infrastructure support for quality improvement such as electronic health records. Ms. Barclay's interest in the quality initiative is in the public policy aspects and how different approaches can work together.

- Mr. Smith noted as VP for Finance he does periodically attend the Performance Improvement Council at his organization. He is looking forward to participating in the Work Group to learn and bring information back to his facility. Mr. Ports noted the importance of having a financial expert on the Work Group as the initiative will come back to finance at some point.
- Dr. Irene Fraser described her work with AHRQ and its resources involving measures, patient experience of care measurement (CAPS), the series of quality indicators based on administrative data, data sets for benchmarking, collection of evidence of what works in pay for performance and interventions for performance improvement. Dr. Fraser noted that we are not working with a blank slate. There are currently incentives in healthcare but these incentives are dysfunctional. She feels that new breakthroughs in quality will come from improvements in systems of care. New incentive programs must take care to not create disincentives for improvements in systems of care. Dr. Fraser also feels that non-financial incentives, such as public reporting, can be as important or more important than financial incentives and both work best together.
- Dr. Hall said that she is a Commissioner, a practicing physiatrist who manages a rehab and wellness center, also holds leadership positions in local medical associations as well as advising DHMH on issues such as health disparities and health literacy. Dr. Hall sees gaps in quality in her daily practice and believes that HSCRC can help to improve and assure quality of care. Dr. Hall noted that the Commissioners chose to use the term "quality-based reimbursement" rather than "pay for performance" because they feel the former is more positive. Pay for performance activities are growing nationally. There is no need for the Work Group to recreate the wheel although there is room for creative solutions to Maryland issues. The Work Group can and will pull in local or national resources as needed. Dr. Hall noted that the Work Group members are the experts and she sees her role as Chair as one of coordination and facilitation.

Interested Parties: Dr. Hall noted the presence of several interested parties, and asked them to introduce themselves. Mr. Grosser, Commissioner, and Mr. Hillier, past Commission Chairman, introduced themselves. Dr. Hall noted that Mr. Hillier was a catalyst in creating the quality initiative and without his work, this project would not exist. Ms Cheng, Hax and Oliver introduced themselves. Mr. El Khoury introduced himself and described some drug-

related outcome and cost-effectiveness studies underway at the University of Maryland School of Pharmacy.

2. Statutory Basis for Initiative - Mr. Robert Murray, Executive Director, HSCRC, welcomed the Work Group and thanked all for their participation. Mr. Murray noted that he registered the enthusiasm of the group, prior commissioners and also the foresight of those that created the statutory mandate for the HSCRC 30 years ago. The HSCRC's mandate is to create a functional reimbursement system in Maryland to improve hospital efficiency but also to improve hospital effectiveness or quality. Mr. Murray noted that he was intimidated both the expertise of the group and by the topic of outcomes measurement. However, Mr. Murray noted that HSCRC brought to the process a level of objectivity and open mindedness. He noted his perspective was systems-based but with some skepticism about the limits of systems.
3. History of the Project – Mr. Steve Ports, Principal Deputy Director, HSCRC, noted that for many years that the Commission had been interested in a connection between rate setting and quality. He noted that the HSCRC's statutory language included "in determining reasonableness of rates, the Commission could take into account objective standards of efficiency and effectiveness." In 2003, Mr. Don Hillier, prior Commission Chair, asked staff to explore the possibility of a pay for performance program. Because staff lacked expertise in this area, they worked with many experts including individuals now serving on the Work Group and will continue to look to these experts to get to the next stage of the project. Mr. Ports, with Mr. Murray, noted that certain distinctive features give Maryland a very powerful edge in implementation of such a project: 1.) HSCRC's all payer rate setting ability, arguably a more functional reimbursement approach than exists elsewhere nationally, 2.) the history of responsible public reporting in Maryland, and 3.) the locus of expertise and interest in Maryland. Mr. Ports reiterated that the Commission had elected to name their project "quality-based reimbursement" but the program characteristics would be similar to what is nationally referred to as "pay for performance." Staff then began a literature review, attended relevant conferences and met with representatives from a variety of organizations with experience in large scale quality projects. Then HSCRC created a Steering Committee, chaired by Dr. Hall and Vice-Chairman Samuel Lin, to recommend a course.

   The Quality Initiative Steering Committee defined quality as the "right thing, at the right time, in the right way, for the right person with positive outcomes (AHRQ definition)" Their mission was defined as "Improve quality of patient care and efficiency and effectiveness of care by providing financial support and rewards and incentives." The Steering Committee defined rewards as proving funding for those who score best at a snapshot in time, incentives as proving funding for those who improve the most from year to year and infrastructure support as providing some form of financial support for those hospitals who do not have the capability to improve infrastructure in order to compete on quality. The Steering Committee produced a Final Report in 2004 which included the following recommendations:

   - Compare hospitals on performance based on appropriate quality measures

- Collect appropriate data without overburdening hospitals
- Establish appropriate (weighted) composite scoring system. A quality-based reimbursement system will require the development of a composite number in order to scale hospitals for rewards and incentives.
- Better understand relationship between quality and cost
- Establish Initiation and Evaluation Work Groups to recommend design and implement the quality initiative and subsequently evaluate and continuously improve the program.

Following endorsement of the Report by the HSCRC Commission, a consultant was hired to conduct a feasibility study. The Center for Performance Sciences' Report "Designing a Methodology for Recognizing Quality at Maryland Hospitals" was endorsed by the Commission in March 2005. The report included 10 recommendations including: phase in of measures related to different domains of quality, phase in of the project using an alpha and beta pilot prior to full implementation, establishment of peer groups for evaluation, in time, use of qualitative as well as quantitative measures and account for needs of direct care workers. HSCRC is now in the process of issuing an RFP for Technical Assistance regarding selection of measures, data availability and data systems, composite scoring methodology and design and evaluation of the pilot(s). Mr. Ports noted that while the Work Group will recommend the measures and data methods to the Commission, funding levels and mechanisms remain the prerogative of the HSCRC. Until the consultant is retained, Commission Staff will support the project. Mr. Ports noted that HSCRC was pleased to have hired Ms. Tan, who brings some staff level expertise to the project.

4. Charge to the Work Group – Ms. Marva West Tan, Associate Director, HSCRC, noted that she has over 20 years experience in quality improvement, risk management/loss prevention and patient safety as a hospital manager and consultant and is pleased to be staff to this exciting project. Ms. Tan welcomed the Work Group and read the Initiation Work Group's charge and responsibilities as detailed in the Final Report of the Steering Committee on the HSCRC Quality Initiative. There were no questions or discussion.
5. Summary of National Quality-based Reimbursement Activities – Ms. Tan noted that building on the work done by the HSCRC Steering Committee, current Commission Chairman Kues requested that she conduct a national survey of existing quality-based reimbursement programs to identify the measures, scoring methodology, rewards/incentives, audit methods, data systems and successful approaches used. Ms. Tan conducted such a survey using literature review, interviews and Web cast participation in the first quarter of 2005 and developed the report shared with the Work Group in their agenda packet. Ms. Tan then briefly reviewed some of the findings for the Work Group including: why quality-based reimbursement is emerging, a summary of the characteristics of the approximately 110 national and regional programs, the role of the Centers for Medicare and Medicaid Services (CMS) as a driver of quality-based reimbursement, factors for success, challenges and why Maryland's unique rate-setting structure for all payers, implementation of APR-DRGs, history of quality data reporting, and collaborative quality initiatives creates a opportunity for

Maryland to have a distinctive, innovative quality-based reimbursement program. Ms. Tan noted her availability to support the group and asked members to contact her if they require assistance

6. Operational Issues for Work Group – Dr. Hall reviewed the procedure for future meetings and communication. In respect for members' time, Dr. Hall plans to start and end meetings at scheduled times. Telephone conferencing will be arranged for those members who need to attend a meeting by telephone. Communications between meetings will be by e-mail and US mail. Initiation Work Group members should send any communications or information to Ms. Tan who will coordinate distribution. Meetings will be approximately every three to four weeks in the early stages of the project and will last approximately one to one and one-half hours. Agendas and attachments, if indicated, will be provided to members prior to the meetings by e-mail or US mail. A meeting date for the next meeting was discussed and set. Members asked that the member contact information list be shared. (The contact list was e-mailed to members following the meeting with the request that corrections or additions be sent to Ms. Tan.)
7. Other Business- There being no other business, Dr. Hall adjourned the meeting at 10 am.

Next Meeting- The second meeting of the Initiation Work Group will be Monday July 11, from 8:30 am -10 am at HSCRC, 4160 Patterson Avenue, Baltimore, MD 21215 in Meeting Room 100.